

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 CAB-02 DODE-00 DOTE-00 FAA-00 L-03
H-01 PA-01 PRS-01 /101 W
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R 061733Z APR 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 2458
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
USMISSION OECD PARIS
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C O R R E C T E D C O P Y TEXT //OMISSION LAST LINE THIS SECTION//

CORRECTED COPY (LAST LINE THIS SECTION) CTG RUEHCS 0645W

PASS LABOR, TREASURY, FRB

E.O. 11652: N/A
TAGS: ELAB, UK, PINT
SUBJECT: EXTREME LEFT GOES FISHING IN A SEA OF
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TROUBLES AS AIRLINES ARE GROUNDED, STEEL
PLANT CLOSES

REF: LONDON 5269

SUMMARY. A STRIKE OF BRITISH AIRWAYS ENGINEERING
WORKERS IS CRIPPLING THE AIRLINE'S OPERATIONS AT

LONDON'S HEATHROW AIRPORT. ANOTHER BY ELECTRICIANS AT THE BRITISH STEEL CORPORATION'S LARGEST PLANT IN PORT TALBOT HAS CAUSED THE SHUTDOWN OF THE ENTIRE OPERATION. THESE DISPUTES -- COUPLED WITH THE RECENT STRIKE OF BRITISH LEYLAND TOOLROOM WORKERS AND OTHER STOPPAGES -- AS WELL AS A RISING CHORUS OF DEMANDS FOR THE END OF PAY RESTRAINT ARE BEING SEIZED UPON BY THE EXTREME LEFT AS A MEANS TO PUT 'PAID" TO THE SOCIAL CONTRACT. IN BIRMINGHAM ON SUNDAY (APRIL 3) ABOUT 1700 TRADE UNIONISTS PARTICIPATED IN A LEFT-WING SPONSORED CONFERENCE WHICH NOT ONLY REFLECTED BUT CAPITALIZED ON BROADLY INCREASING DISSATISFACTION AMONG WORKERS OVER CURRENT WAGE POLICIES, INFLATION LEVELS, AND HIGH UNEMPLOYMENT. THIS "GROUNDSWELL" WHICH IS BEING ORCHESTRATED AT LEAST IN PART WILL BECOME LOUDER DURING THE APPROACHING TRADE UNION CONFERENCE SEASON -- MAY TO JULY -- AND WILL PRESENT BOTH THE TUC HANDICAP IN FORMULATING THE NEXT ROUND OF PAY POLICY. END SUMMARY.

1. OVER 4,000 AIRCRAFT MAINTENANCE ENGINEERS WHO ARE MEMBERS OF THE AMALGAMATED UNION OF ENGINEERING WORKERS (AUEW) REFUSED TO BOW TO AN ULTIMATUM FROM BRITISH AIRWAYS TO RESUME WORK YESTERDAY (APRIL 5) OR BE FIRED AND THUS FAR HAVE REBUFFED EFFORTS BY HUGH SCANLON, AUEW PRESIDENT, AND OTHER UNION LEADERS TO GET THEM BACK TO WORK. ACCORDING TO THE "FINANCIAL TIMES", BRITISH AIRWAYS IS LOSING ABOUT 3 MILLION POUNDS A DAY SINCE THE WILDCAT STRIKE STARTED LAST LIMITED OFFICIAL USE

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WEEKEND. BA ESTIMATES THAT THE WALKOUT AT HEATHROW, WHICH HAS ALMOST COMPLETELY DISRUPTED ITS FLIGHT SCHEDULES, MAY FORCE A TOTAL SHUTDOWN BY EASTER, AT A HIGH POINT OF THE TOURIST SEASON. THE NUB OF THE DISPUTE: THE MAINTENANCE ENGINEERS CLAIM THAT THEY ARE RECEIVING A MUCH LOWER SHIFT ALLOWANCE THAN OTHER ENGINEERS IN INDUSTRY AND ARE ALSO DEMANDING -- JUST AS THE BRITISH LEYLAND TOOLROOM WORKERS DID -- A TALBOT, SOUTH WALES, THE SITE OF BRITISH STEEL CORPORATION'S LARGEST WORKS, A DISPUTE BY 560 ELECTRICIANS FORCED THE SHUTDOWN OF THE ENTIRE PLANT THIS WEEK. THE NUB OF THE DISPUTE: A CLAIM BY THE MEN THAT THEY ARE ENTITLED TO 10 POUNDS A WEEK BECAUSE OF THE INTRODUCTION OF NEW TECHNOLOGY IN THE WORKS. UNDERLYING BOTH THESE DISPUTES -- WHICH ARE BEING ECHOED ELSEWHERE -- ARE ESSENTIALLY ARGUMENTS ABOUT THE EROSION OF DIFFERENTIALS IN PAY RESULTANT FROM PAY RESTRAINT POLICIES OVER THE PAST TWO YEARS. THERE MAY BE A TEMPORARY PATCHING-UP OF THESE TWO DISPUTES,

BUT THE PROBLEM WILL CONTINUE TO ERUPT.

2. WHILE MANY UNIONS WHICH ORGANIZE HIGHLY-SKILLED WORKERS ARE WITNESSING THE GROWING DISCONTENT OF THEIR MEMBERS OVER PAY SCALES, ALL UNIONS ARE CONCERNED ABOUT THE WELL-NIGH UNIVERSAL COMPLAINT THAT INFLATION HAS DEEPLY ERODED PAY PACKETS. WITH UNEMPLOYMENT AS AN OMINOUS BACKDROP, IT IS NOT SURPRISING THAT THE EXTREME LEFT WITHIN THE TRADE UNION MOVEMENT IS TRYING TO SEIZE THE INITIATIVE NOT MERELY TO REFLECT SUCH DIS-

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CONTENT BUT TO CAPITALIZE UPON THE GRIEVANCES OF WORKERS WHETHER THEY HANDLE STEEL, KEEP PLANES FLYING, CONTROL POWER PLANTS, FASHION TOOLS TO BUILD CARS, OR WORK IN GOVERNMENT OFFICES. ON SUNDAY, APRIL 3, ABOUT 1700 TRADE UNIONISTS FROM MANY AREAS OF BRITISH INDUSTRY BEGAN A CAMPAIGN FOR THE COMPLETE RETURN TO UNFETTERED FREE COLLECTIVE BARGAINING WHEN THE LIMITED OFFICIAL USE

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CURRENT RESTRAINT POLICY EXPIRES JULY 31. NEARLY 20 DIFFERENT UNIONS WERE REPRESENTED AT A CONFERENCE IN BIRMINGHAM WHICH WAS INITIATED BY PROMINENT TRADE UNION LEFT-WINGERS SUCH AS DEREK ROBINSON, A COMMUNIST WHO IS CHAIRMAN OF THE BRITISH LEYLAND SHOP STEWARDS' COMMITTEE; ARTHUR SCARGILL, A SELF-STYLED MARXIST WHO HEADS THE NATIONAL UNION OF MINERS' YORKSHIRE REGION; AND BOB WRIGHT, WHO IS THE CANDIDATE OF THE COMBINED LEFT TO SUCCEED HUGH SCANLON AS AUEW PRESIDENT. THE CONFERENCE OVERWHELMINGLY ENDORSED A ONE-DAY NATIONAL STRIKE FOR WEDNESDAY, APRIL 20, TO BE CONDUCTED IN CONJUNCTION WITH A LOBBY "MARCH" ON THE PARLIAMENT. WIDESPREAD, BUT THE EXTREME LEFT, INCLUDING THE COMMUNIST PARTY, NOW BELIEVES THE OPPORTUNITY IS RIPE TO DESTROY THE SOCIAL CONTRACT BETWEEN THE UNIONS AND THE GOVERNMENT -- AN ARRANGEMENT IT ALWAYS OPPOSED BUT ABOUT WHICH IT COULD DO LITTLE UP TO NOW. MICK COSTELLO, THE LEADING LABOR JOURNALIST FOR THE COMMUNIST "MORNING STAR", COULD HARDLY CONTAIN HIS JOY WHEN HE TOLD US THAT "WE'RE BEGINNING TO HAVE SOME FUN AFTER ALL THIS WHILE." (COSTELLO WILL SHORTLY SUCCEED BERT RAMELSON AS THE NATIONAL TRADE UNION ORGANIZER FOR THE PARTY.) IN OTHER WORDS, THOSE FAMOUS "REDS UNDER THE BEDS" WHO PLAYED SUCH A ROLE IN THE JOURNALISM OF THE 1974 ELECTION, ARE COMING OUT OF HIBERNATION AS THEY SEE THE OPPORTUNITY TO EXPLOIT THE MOOD OF DISCONTENT. CAN THEY SUCCEED?

4. FORTUNATELY, IF THE LEFT-WING HAS ITS EARS TO THE GROUND, SO DO THE MODERATES. NORMAN WILLIS, TUC ASSISTANT GENERAL SECRETARY, MAINTAINS A RATHER COOL ASSESSMENT OF THE INCREASING FUROR. HE ARGUES THAT WING MAY BE OVERPLAYING ITS HAND. HE CITES THE SUPPORT FOR A PAY DEAL BY THE RANK AND FILE AS REFLECTED IN RECENT POLLS. DESPITE JACK JONES' TOUGH PUBLIC STANCE -- PARTICULARLY IN SUPPORT OF A PRICE LIMITED OFFICIAL USE

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FREEZE AS ONE OF THE PRECONDITIONS FOR A THIRD PAY ROUND -- WILLIS IS CONFIDENT THAT HIS FORMER BOSS AT THE TGWU WILL PRESS HARD FOR A THIRD ROUND WITHIN HIS GIANT UNION, AND THAT OTHER KEY UNIONS, INCLUDING LARGE ORGANIZATIONS IN THE PUBLIC SECTOR WHICH WOULD LOSE BY A COLLECTIVE BARGAINING "FREE-FOR-ALL", WILL ALSO RALLY AROUND. HE, OF COURSE, EXPECTS THE MINERS TO OPPOSE FURTHER PAY RESTRAINT BUT HE IS CONFIDENT THAT THEY WOULD BE FORCED TO FOLLOW TUC POLICY IF A THIRD ROUND WERE AGREED.

5. BUT EVEN WILLIS TEMPERS HIS OPTIMISM. MUCH, HE SAYS, WILL DEPEND ON WHETHER UNEMPLOYMENT IS CHECKED, WHETHER PRICES ARE STABILIZED, WHETHER THE GOVERNMENT-LIBERAL CONCORDAT HOLDS. IF THESE "GOOD OMENS" OCCUR, THE TUC AND THE GOVERNMENT GUARDIANS OF THE ANOTHER YEAR. HOWEVER, HE IS NOT TOO SANGUINE ABOUT AN EARLY AGREEMENT BETWEEN THE TUC AND THE GOVERNMENT ON PAY. THE FIRST POST-BUDGET DISCUSSION BY TUC LEADERS WILL TAKE PLACE ON APRIL 13 WHEN THE ECONOMIC COMMITTEE MEETS. THERE MIGHT BE SOME EARLIER MEETINGS WITH MINISTERS, BUT HE DOES NOT FORESEE A BROAD CONSENSUS AGREEMENT EMERGING BEFORE THE MAY-JULY TRADE UNION CONFERENCE SEASON. IN SHORT, WE MAY BE IN FOR A HOT SPRING AND SUMMER DURING WHICH ALL OF THE OPPOSITION TO ANOTHER PAY ROUND WILL DO WHATEVER IT CAN TO PREVENT ONE.

MILLER

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